

Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 SCI-06 TRSE-00 FEA-02 INT-08 EB-11

COME-00 STR-08 CIEP-02 AF-10 ARA-16 EA-11 EUR-25

NEA-11 RSC-01 OMB-01 SS-20 NSC-10 CIAE-00 DODE-00

INR-10 NSAE-00 PA-04 USIA-15 PRS-01 SPC-03 L-03 PM-07

ACDA-19 DRC-01 /220 W

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R 230919Z JAN 74

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC 3831

INFO AEC GERMANTOWN

LIMITED OFFICIAL USE SECTION 1 OF 2 VIENNA 0574

E.O. 11652: N/A

TAGS: AORG, EAID, AFIN, IAEA

SUBJECT: IAEA ASSISTANCE TO OIL-EXPORTING COUNTRIES

1. SUMMARY: APPROVED 1974 IAEA TA PROGRAM CONTAINS AT LEAST SIX PROJECTS TOTALLING \$166,000 IN COUNTRIES NOW REAPING SUBSTANTIAL HARD-CURRENCY BENEFITS FROM INCREASED OIL PRICES; THIS FAR EXCEEDS CONTRIBUTIONS BY THIS GROUP TOWARD AGENCY TA PROGRAM. MISSION WOULD APPRECIATE GUIDANCE ON GENERAL US POLICY TOWARD TA BY INTERNATIONAL ORGANIZATIONS TO COUNTRIES SO SITUATED, AND RECOMMENDS THAT US MAKE STATEMENT AT FEBRUARY 12 BOARD MEETING SUGGESTING OTHER USE FOR AGENCY RESOURCES IN FUTURE YEARS. ACTION REQUESTED: DEPARTMENT POLICY GUIDANCE AND AUTHORIZATION MAKE SUCH STATEMENT. END SUMMARY.

2. IAEA 1974 REGULAR PROGRAM OF TA (UTILIZING AGENCY'S OWN RESOURCES), AS DESCRIBED IN AGENCY DOCUMENT GOV/COM.8/47/ADD.1 AND APPROVED FOR IMPLEMENTATION THIS YEAR BY BOARD OF GOVERNORS' TA COMMITTEE ON LIMITED OFFICIAL USE
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NOVEMBER 29, INCLUDES SIX PROJECTS IN COUNTRIES ENJOYING VERY SUBSTANTIAL HARD-CURRENCY EARNINGS, AUGMENTED BY

RECENT PRICE INCREASES FROM PETROLEUM EXPORTS. EXCLUDING COUNTRIES WHOSE OIL REVENUES ARE RELATIVELY SMALL, OR WHICH, LIKE INDONESIA, CAN CLEARLY ABSORB ALL SUCH EARNINGS AND THEN SOME IN OWN DEVELOPMENT, COUNTRIES AND PROJECTS IN THIS CATEGORY (ONE PROJECT PER COUNTRY) AS FOLLOWS:

ALGERIA	\$22,500	EXPERT SERVICES
IRAN	15,000	EXPERT SERVICES
IRAQ	60,000	EQUIPMENT
KUWAIT	7,500	EXPERT SERVICES
LIBYA	41,000	EXPERT SERVICES - \$15,000
		EQUIPMENT - \$26,000
VENEZUELA	20,000	EQUIPMENT
TOTAL	\$166,000 (7.3 PER CENT OF APPROVED 1974 PROGRAM)	

ABOVE INCLUDES EQUIPMENT VALUED AT \$106,000 OR 8.9 PER CENT OF FUNDS APPROVED FOR PROVISION OF EQUIPMENT. FYI: ABOVE SOMEWHAT DISTORTED BY \$60,000 EQUIPMENT GRANT TO IRAQ, WHICH PLANNED TO UTILIZE SOVIET CONTRIBUTIONS OF "LOCAL CURRENCY" RUBLES. DELETING THIS, WHICH IS NOT TRUE DRAIN ON AGENCY'S AVAILABLE HARD CURRENCY, TOTALS WOULD BE FIVE PROJECTS IN FIVE COUNTRIES VALUED AT \$106,000 OR 4.7 PER CENT OF APPROVED 1974 PROGRAM, INCLUDING EQUIPMENT VALUED AT \$46,000 OR 3.8 PER CENT OF FUNDS FOR PROVISION OF EQUIPMENT, ALL IN HARD CURRENCY. END FYI. ABOVE TABULATION DOES NOT INCLUDE PROVISION OF FELLOWSHIPS AND TRAINING, WHICH IS NOT CONSIDERED BY TAC AND FOR WHICH FINAL 1974 TOTALS NOT YET AVAILABLE. BASED ON PAST YEAR'S PERFORMANCE, FELLOWSHIPS AND TRAINING WOULD PROBABLY ADD ABOUT \$20,000-40,000 TO ABOVE, PLUS DEMAND FOR SEVERAL TYPE II FELLOWSHIPS PROVIDED BY DONOR STATES COST-FREE TO AGENCY AS CONTRIBUTION IN KIND.

4. PROVISION OF TA BY AGENCY IS FINANCED BY VOLUNTARY CONTRIBUTIONS IN CASH TO GENERAL FUND AND BY GIFTS IN KIND; US CASH AND IN-KIND CONTRIBUTIONS OF AROUND \$2-MILLION ARE SUBSTANTIAL COMPONENT OF AVAILABLE RESOURCES. LIMITED OFFICIAL USE
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BY COMPARISON WITH ABOVE, FOLLOWING IS STATUS OF PLEDGES AND PAYMENTS OF CASH CONTRIBUTIONS TO GENERAL FUND BY OIL-EXPORTING COUNTRIES FOR 1973 AND 1974 (NONE ARE IN-KIND DONORS):

	1973	1974	REMARKS
ALGERIA	\$7,300	-	HAS ADVISED AGENCY IT WILL PLEDGE LATE FOR

1974.
IRAN 7,300 7,000
IRAQ 2,100 - NORMALLY PLEDGES LATE.
KUWAIT 1,500 2,400
LIBYA - - HAS NEVER PLEDGED
NIGERIA 3,300 - SEE FYI BELOW
SAUDI ARABIA 2 000 2,100
VENEZUELA - - HAS NOT PLEDGED IN
RECENT PAST.
TOTALS \$18,900 \$11,500 1974 TOTAL TO DATE.

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FYI: NIGERIAN PLEDGE IS NEW ADDITION TO FIGURES PREVIOUSLY
REPORTED TO DEPARTMENT. UNDP RESREP LAGOS ADVISED AGENCY
WITHIN PAST FEW DAYS THAT NIGERIA HAD MADE PLEDGE AND
PAYMENT OF \$3,300 EACH YEAR FOR 1972 AND 1973. THIS IS
FIRST TIME NIGERIA HAS CONTRIBUTED, AND SECRETARIAT HOPES
FOR 1974 PLEDGE AS WELL. END FYI.

5. AS DEPARTMENT AWARE, FRG REP HAS MENTIONED REQUIREMENT
FOR GREATER PLEDGES FROM DEVELOPING COUNTRIES WITH SUBSTANTIAL
HARD-CURRENCY EARNINGS FROM OIL EXPORTS AT SEVERAL MEETINGS

IN PAST, INCLUDING 1973 A&B COMMITTEE AND FEBRUARY AND JUNE BOARD MEETINGS. UK HAS ALSO MENTIONED SAME POINT. IN ADDITION, SUBSEQUENT TO LATEST ROUND OF OIL PRICE INCREASES, INDIAN AMBASSADOR PRIVATELY EXPRESSED DISQUIET THAT OIL EXPORTERS WERE CONTINUING RECIPIENTS OF AGENCY TA AND WERE NOT MORE SUBSTANTIAL CONTRIBUTORS.

6. MISSION FEELING IS VERY EMPHATICALLY THAT LIMITED AGENCY RESOURCES AVAILABLE FOR PROVISION OF TA SHOULD NOT BE DISPERSED IN PROVIDING ASSISTANCE TO COUNTRIES LIMITED OFFICIAL USE

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SUCH AS THESE. ACCORDINGLY, AND SUBJECT POLICY GUIDANCE FROM DEPARTMENT ON LINE TO BE FOLLOWED ELSEWHERE IN UN SYSTEM, MISSION PROPOSES THAT US MAKE STATEMENT AT FEBRUARY 12 BOARD MEETING (UNDER AGENDA ITEM 1(A), REPORT OF TAC, AS BOARD TAKES NOTE OF 1974 TA PROGRAM) INCLUDING FOLLOWING POINTS:

A. US FEELS THAT LIMITED AGENCY RESOURCES SHOULD BE DEVOTED ENTIRELY TO ASSISTING DEVELOPING COUNTRIES UNABLE TO FINANCE OWN DEVELOPMENT.

B. CERTAIN COUNTRIES (THOSE NAMED PARA 3 ABOVE) INCLUDED IN 1974 TA PROGRAM HAVE HARD-CURRENCY EARNINGS SUFFICIENT TO LAY MERITS OF THEIR RECEIVING AGENCY-FINANCED ASSISTANCE OPEN TO SERIOUS QUESTION.

C. FURTHER, COUNTRIES WITH SUCH HARD-CURRENCY EARNING POTENTIAL, MUCH OF WHICH IS ACTUALLY DERIVED FROM SALES TO REST OF DEVELOPING WORLD, HAVE CORRESPONDING OBLIGATION TO DEVOTE MORE THAN Pittance FROM THESE RESOURCES TO SUPPORT DEVELOPMENT ACTIVITIES FOR LESS-FORTUNATE LDC'S, BOTH GENERALLY AND SPECIFICALLY THROUGH ROLES AS MEMBERS OF IAEA.

D. US WOULD WELCOME AND ENCOURAGE THESE COUNTRIES IN UTILIZING FACILITATIVE ASSISTANCE OF IAEA IN DEVELOPING PEACEFUL USES OF NUCLEAR ENERGY, BUT WE FEEL STRONGLY THAT, AT VERY LEAST, THESE COUNTRIES SHOULD FINANCE SUCH ASSISTANCE THEMSELVES THROUGH FUNDS-IN-TRUST ARRANGEMENT, RATHER THAN DRAINING CASH AND IN-KIND RESOURCES AVAILABLE TO OTHERS THROUGH AGENCY'S REGULAR PROGRAM.

E. US STRONGLY URGES THAT REGULAR PROGRAM OF TA FOR 1975 AND FUTURE YEARS NOT RPT NOT INCLUDE ASSISTANCE TO COUNTRIES WITH VERY SUBSTANTIAL HARD-CURRENCY EXPORT EARNINGS, AND THAT SUCH COUNTRIES SHOULD NOT RPT NOT REQUEST OR RECEIVE OTHER FORMS OF AGENCY TA (FELLOWSHIPS AND TRAINING) ON SAME BASIS AS OTHER DEVELOPING COUNTRIES.

RATHER, WE URGE SUCH FORTUNATELY-SITUATED DEVELOPING COUNTRIES TO JOIN WITH US AND OTHER DONORS TO EXPAND RESOURCES AVAILABLE TO AGENCY TO ASSIST COUNTRIES THAT LIMITED OFFICIAL USE

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HAVE NO OTHER WAY OF OBTAINING HELP.

7. MISSION WOULD PROPOSE DISCUSS THIS STATEMENT WITH OTHER DONORS AND WITH SELECTED LDC'S (E.G., INDIA). WHILE NOT MAKING ANY SUGGESTIONS OF WHAT THEY MIGHT SAY, WE WOULD HOPE THAT ENOUGH OTHERS WOULD ECHO SUCH A STATEMENT TO PROVIDE CLEAR BOARD RECORD ALONG THESE LINES, AND THEREBY TO EFFECT SHAPE OF 1975 AND FUTURE AGENCY TA ACTIVITIES.

FYI: OF COUNTRIES NAMED IN PARA 3 ALGERIA IS ONLY ONE CURRENT* ON BOARD. OF THOSE NAMED IN PARA 4, ALGERIA AND SAUDI ARABIA ARE CURRENT BOARD MEMBERS. END FYI.

8. REQUEST THAT DEPARTMENT SUPPLY MISSION WITH ANY AVAILABLE GENERAL POLICY GUIDANCE RELATING TO US POSITIONS ON THIS SUBJECT WITHIN UN SYSTEM, AND AUTHORIZE US STATEMENT ALONG LINES OUTLINED PARA 6 ABOVE FOR DELIVERY AT FEBRUARY 12 BOARD MEETING. ALTERNATIVELY, PORTIONS OF STATEMENT RELATING TO CONTRIBUTIONS COULD BE USED AT A&B COMMITTEE MEETING APRIL 9, BUT SUBJECTS BEFORE THAT COMMITTEE WOULD PRECLUDE OUR COMMENTING, EXCEPT GRATUITOUSLY, ON USE OF RESOURCES FOR TA PROJECTS IN INDIVIDUAL COUNTRIES. FOR THIS REASON, MISSION WOULD PREFER DELIVER STATEMENT IN FEBRUARY IF POSSIBLE.PORTER

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